

February 16, 2000

**MERGER OF THE PARENT CORPORATIONS OF  
QWEST COMMUNICATIONS CORPORATION,  
LCI INTERNATIONAL TELECOM CORP., USLD  
COMMUNICATIONS, INC., PHOENIX NETWORK,  
INC. AND U.S. WEST LONG DISTANCE, INC. AND  
U.S. WEST INTERPRISE AMERICAN, INC.**

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) **DOCKET NO. 99-00704**

The Directors of the Authority considered this matter at a regularly scheduled Authority Conference held on October 26, 1999. Based upon careful consideration of the Joint Petition, the

exhibits, and the entire record of this matter, the Authority has determined the following:

1. Qwest Inc. is a Delaware corporation with its principal office and place of business located at 555 Seventeenth Street, Denver, Colorado 80202. Qwest Inc. is a facilities-based multimedia communications services provider. Qwest Inc. also provides a full range of voice, data, video and related services to businesses, government agencies and consumers. Qwest Inc. communications services businesses also provide high-volume voice and conventional private line services to other communications providers, as well as to Internet service providers and other data services companies. The following Qwest Inc. subsidiaries are certificated in the state of Tennessee: Qwest Corp. (Docket No. 95-03130), LCI (Docket Nos. 95-0328 & 96-00783), USLD (Docket No. 95-02825) and Phoenix (Docket No. 95-03296).

2. U.S. West is a Delaware corporation with its principal office and place of business located at 1801 California Street, Denver, Colorado 80202. U.S. West is certified through its subsidiaries to provide competitive telecommunications services in Tennessee. The following subsidiaries of U.S. West, Inc. are certificated in the State of Tennessee: U.S. West Enterprise America, Inc. (Docket No. 97-01383) and U.S. West Long Distance, Inc. (Docket No. 96-01536).

## **I. CRITERIA FOR APPROVING MERGER**

A merger or consolidation of property between regulated public utilities is not valid until approved by the Authority under the provisions of Tenn. Code Ann. § 65-4-112. In addition, under Tenn. Code Ann. § 65-4-101, any entity that owns, operates, manages or controls utility systems, plant or equipment under certification by this Authority or its predecessor, the Tennessee Public Service Commission, to provide utility service in the state of Tennessee, is a public utility. Since this merger involves two entities defined as public utilities in Tennessee,

Authority approval is required under the provisions of Tenn. Code Ann. § 65-4-112(a). This Section provides for the following:

**(a) No lease of its property, rights, or franchises, by any such public utility, and no merger or consolidation of its property, rights and franchises by any such public utility with the property, rights and franchises of any other such public utility of like character shall be valid until approved by the authority,** even though power to take such action has been conferred on such public utility by the state of Tennessee or by any political subdivision of the state. (Emphasis supplied).

## **II. FINDINGS OF FACT AND CONCLUSIONS OF LAW**

After consideration of the entire record in this matter, including the Application, the Directors find and conclude as follows:

1. Qwest and U.S. West, by and through their subsidiaries named herein, have been engaged in the business of providing telecommunications services in Tennessee;
2. The Authority has jurisdiction over the subject matter of the Application pursuant to Tenn. Code Ann. §§ 65-4-101 and 65-4-112;
3. The proposed transaction between Qwest and U.S. West will be accomplished by the Agreement executed between the Parties on July 18, 1999;
4. Pursuant to the Agreement of July 18, 1999, U.S. West will be merged with and into Qwest, with Qwest continuing as the surviving corporation. Once the merger is complete, U.S. West will cease to exist as a corporate entity. The direct and indirect wholly-owned subsidiaries of Qwest and U.S. West that hold operating certificates or other authorization will survive as direct or indirect wholly-owned subsidiaries of the post-merger Qwest. No changes in the names of the certificated subsidiaries, no transfers of certificates and no assignments of assets of those certificated subsidiaries are contemplated at this juncture;

5. The Joint Petition states that the merger should enhance the operational efficiency and financial viability of the combined companies, and that these enhancements will accrue to the benefit of the Parties' customers; and

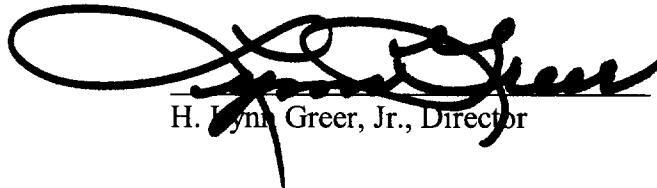
6. Based upon the above-described merger, the approval of the same pursuant to Tenn. Code Ann. § 65-4-112 is compatible with the public interest.

**IT IS THEREFORE ORDERED THAT:**

1. The Joint Petition of Qwest Communications International, Inc. and U.S. West, Inc. for approval of an Agreement and Plan of Merger is granted;

2. Any party aggrieved by the Authority's decision in this matter may file a Petition for Reconsideration with the Authority within ten (10) days from and after the date of this Order.

  
Melvin L. Malone, Chairman

  
H. Lynn Greer, Jr., Director

  
Sara Kyle, Director

ATTEST:

  
K. David Waddell, Executive Secretary